TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE Transcriber's Office

March 8, 1999 LB 574

am understanding it right, every time the federal government raises taxes on cigarettes, our allocation and everybody's allocation, as far as the settlement agreement is concerned, will decrease by some formula or in some...on some pro rata basis or in some...in some manner. Is that accurate?

SENATOR JENSEN: Well, there is a blanket statement there, that it really comes on a...back to the states on a dollar-for-dollar basis. I think that the biggest concern is if the federal government increases taxes more, if we, here in the state, increase our taxes more, and we have some bills out here to do that, certainly, the cigarette consumption will decline. And if a certain...if the cigarette consumption declines a certain point, also the dollar amount in the settlement goes down.

SENATOR BEUTLER: Okay.

SENATOR JENSEN: If that answers your question.

SENATOR BEUTLER: Well, no, I understand the...the depressive effect of the increase in price, which I think many people are counting on to decrease the number of people smoking cigarettes, especially young people. But in addition to that sort of market consequence, in a technical, legal sense, and you don't have to answer this now because maybe it's too specific, but when we get back to the resolution, if we're going to ask the federal government to keep their hands off, does it mean we're asking them not to increase the federal portion of the taxation of cigarettes also? I mean is that part of what we're asking them to do? And the other part of my question is, are we asking the federal government to give up any...does the federal government have any enforcement obligations that will be costing them money under this...under this settlement agreement generally? And those, again, you don't have...

SENATOR JENSEN: Okav.

SENATOR BEUTLER: ...to answer but those are two questions I'd be very interested in in further discussions of the resolution. Thank you very much for the bill. I hope it facilitates what we're doing as quickly as possible. Thank you.